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New York (N.Y.) Mayor's Housing Conference...

Report [July 21, 1920]

[New York]

[1920]

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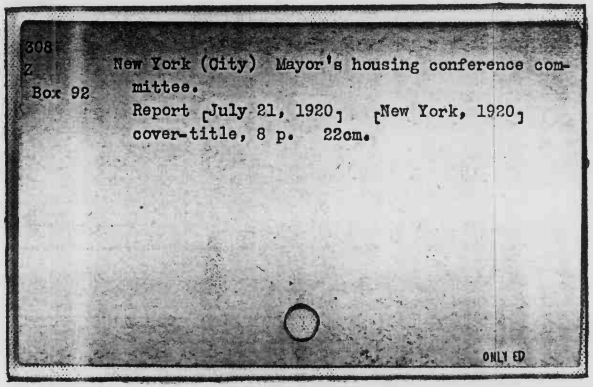

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REPORT

OF THE

MAYOR'S HOUSING CONFERENCE COMMITTEE

CITY OF NEW YORK

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REPORT
OF THE
MAYOR'S HOUSING CONFERENCE COMMITTEE.

HON. JOHN F. HYLAN, *Honorary Chairman,*
Mayor's Housing Conference Committee.

DEAR SIR:

Your Committee met on May 27, 1920. An executive committee was immediately appointed. Sub-committees covering every phase of the housing situation were formed as follows:

> City Government; Investment Capital; Labor; Builders; Employers, Manufacturers and Merchants; Manufacturers of Building Material; Real Estate; Architects; Public; Transportation; Statistics and Information; Press.

Of the personnel of these various committees nothing needs to be said. Each committee was made up of representative men whose ability and intimate knowledge of conditions in the branches of the building industry which they represent are well known, and whose opinions, therefore, constitute the best judgment that could be obtained upon the housing situation as it exists to-day.

The reports of these sub-committees have been carefully correlated by the executive committee and are heartily concurred in by the committee of the whole.

The conclusions of the committee are based upon inquiries made and information received and its report and recommendations hereinafter made are predicated upon this information and the reasonable inference to be drawn therefrom.

We herewith call attention to the direct results obtained by the activities of the committee as follows:

The Committee has been instrumental in releasing large quantities of building material held up in the freight congestion during transit and which was destined for New York, which

thereupon became available to the builders in home construction and in a number of instances for the building of public schools.

The Committee through its "Investment Capital" sub-committee has been instrumental in aiding the construction of homes through its activities in assisting builders with mortgage loan money, amounting to millions of dollars, through the savings banks of the City of New York and Life Insurance companies.

The Press sub-committee has aided and promised to continue its aid by spreading the "Own Your Own Home" doctrine and thus encourage thrift and savings and better citizenship.

The Committee believes that through its functions and activities, interest has been spread and is now being manifested by the inhabitants of the City of New York in owning their own homes. A City and State employes' loan association has also been organized with a view of encouraging home owning and thrift on the part of City employes. This, of course, applies equally as well to all employes in private enterprises.

Through the further activities of the Committee a housing corporation is about to be formed with the idea of interesting private capital to build multi-family houses on a large scale and reasonable assurance of the furnishing of this capital has been given subject only to the encouragement to be given it by the legislation hereinafter recommended.

The deliberations of the various committees have established beyond the possibility of a doubt the factors preventing the erection of houses at the present time. These factors are three in number, as follows:

First: Shortage of labor;
Second: Shortage of capital;
Third: Shortage of building material.

Any one of these factors would be sufficient to seriously cripple the building of houses, but when all three are combined, the situation is indeed serious and must be met by drastic and unusual methods. It must be added also that the situation is made more acute by the erection of several large business buildings which are under way, and which greatly shorten the supply of labor and materials so badly needed for the erection of houses.

In fact, the only construction on a large scale in the Greater City is the building of office buildings, lofts, factories, garages, theatres, etc.

Labor has expressed its willingness to co-operate in the construction of houses and has evidenced it by the passing of resolutions by numerous associations to that effect. Evident famine in building material will also be largely removed by the activities of the Committee in bringing about the release from congestion through the efforts of the transportation sub-committee, and must, of necessity, be further augmented. A great deal more building material will be brought to bear for housing operations by the encouragement of legislation hereinafter recommended.

Men of wealth should aid in the financing of building construction for homes with a lesser regard for the amount of income to be derived from such investment and a greater regard for the practical benefits that will accrue from such investment, from a social and economic point of view, since it is essential that any condition which will bring about discontent and unrest must be alleviated.

Manufacturers and employers of labor should bear in mind that part of their capitalization in their business should be included in housing their employes. The safety of such investment is practically assured since there is no better security in the world than new up-to-date income producing real estate, consisting of homes in the City of New York, and the greater indirect results and benefits that will accrue to employers by the stability and contentment of workingmen by reason of being assured of a permanent home.

A survey of the conditions is such that in the judgment of the Committee, it is justified in the belief that the present famine of housing space will be manifestly more acute by October 1st than at present appears, when thousands of families will be returning to the City from quarters now temporarily occupied by them in the country and at the seashore resorts.

Your Committee is also of the opinion that the Federal Reserve Bank, with its potent influence and power over the member banks, should give its active and affirmative aid in the housing problem by encouraging the member banks to finance, wherever

possible, enterprises in building homes by a more liberal system of discounts on collateral based upon housing real estate.

Your Committee finds that the construction of homes is fully four years behind. Prior to 1914 approximately 28,000 homes were provided annually by the erection of new tenement houses alone. The tenement houses in course of construction at the present time will provide only 3,863 apartments. The one and two-family houses being erected will provide 8,405 more and 394 apartments are being constructed in apartment hotels. A total of 12,662 homes are therefore in the course of construction. Only 1,624 were provided by the tenement houses built last year, however; only 2,706 in 1918; and only 14,241 in 1917. To meet the normal demand a sufficient number of tenement houses must be erected each year to provide at least 20,000 apartments. It is safe to say, therefore, that at least 100,000 apartments are now urgently needed, which number will apparently be increased in 1921 to at least 115,000.

Your Committee finds that there is but one solution of the situation, namely: Build Houses. Actual construction is imperative. A crisis has been reached. Action, not talk, is required. The whole energy of the community must be bent toward new construction for a time. "Own Your Own Home" should be the slogan. *Building* and *ownership* of houses must be *encouraged*, not *discouraged*. Drastic laws against landlords will not build houses. The law of supply and demand must ultimately control. Houses can be built by either of two ways: By private capital, or by some plan of municipal or governmental building construction or ownership. Private capital will not enter the building field on account of the handicaps which present conditions impose. Lack of encouragement for investment capital, high cost of labor, the need of greater efficiency in labor, and the high cost of material render operation by private capital almost prohibitive. An inducement must therefore be offered and it can only come from the State or the City. The State or the City must grant a direct or an indirect inducement if private capital is to do the building.

Your Committee does not think a direct subsidy is feasible, nor does it believe that any plan for Municipal or State building

construction is either practicable or desirable. Any plan that will enable the State or City to build houses must, of necessity, be delayed too long to be of any practical value, even if it were not objectionable from an economic and governmental point of view. No such plan could be put into operation without first having the State Constitution amended, which would mean that the State or City Government could not begin actual building for practically three years.

Your Committee believes, therefore, that the proper solution will be obtained by the Government offering some substantial inducement. It accordingly recommends the enactment of legislation to immediately exempt all income derived from real estate mortgages from income taxes of the State and Federal Government and to exempt new houses from local taxes for a limited period of time. Unless such a law is enacted the danger is quite manifest that in a very short time most serious results will follow, as the greater part of the mortgage money will be drained from the market, and without mortgage money, no houses can be built. The necessity for an inducing aid is also evidenced and emphasized by the fact that in most European countries direct or indirect subsidies have been given. The Committee is informed that in England a subsidy of 50 pounds for each room was given to builders. This was later increased to 70 pounds. In Germany approximately 2,000 million marks have been contributed by the National, State and Local Government, and after all, it is admitted that a direct subsidy did not give the proper results and has been more or less of a failure.

We need to begin a campaign of intensive building so that, for a number of years, at least 50,000 apartments will yearly be provided, but with United States Government bonds selling at a price to bring 6⅓% interest; with opportunities to purchase in the market, railroad, industrial and other securities on the basis of 7½ to 8% interest; with the advantages accruing to investors from purchasing tax exempted securities of State and Municipal Governments, and particularly with opportunity to purchase exempted securities of industrial concerns which pay the normal or even the super tax, no mortgage money can be expected to come into the building field. Worse still—such money is actually

being withdrawn from the market and threatens to bring on a crisis or panic by the calling of existing mortgages.

The Committee therefore strongly emphasizes the need for an indirect subsidy. It has, in fact, the reasonable assurance from a great number of builders, factory owners, large employers of labor, merchants and business men generally of their willingness to contribute millions of dollars in a movement for the construction of new houses if the handicaps of present high cost of construction are removed by the exemptions recommended herein.

In view of the fact also that under existing conditions there is only a small amount of material and a relatively small amount of labor available with which to carry on the construction of homes, legislation should be enacted authorizing some responsible public body to pass upon permits for construction. Only such construction as will relieve the shortage of living accommodations, and such construction as is in the public interest should be allowed at the present time. By some such means as this, the present available supply of labor and materials will be employed on housing rather than on buildings not so essential to the public welfare. This legislation may be in the form of creating a Housing Commissioner or Commission for the City of New York, vested with power (for a limited period) to pass upon all permits for buildings, to grant, deny and revoke together with such other powers as may be deemed necessary.

Your Committee reiterates that quick action is necessary and therefore recommends that the Governor be petitioned to call an extra session of the Legislature with as little delay as possible, for the purpose of enacting legislation that will relieve the conditions.

(Signed) FRANK MANN,
Chairman.

This report was unanimously approved and adopted at a meeting of the Executive Committee held in Room 1925 of the Municipal Building, on Wednesday, July 21, 1920.

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